

GOOD COP, BAD COP: AUDITORS AND BANKERS

Auditors are in the bad books of the banking industry following recent corporate collapses, according to a survey of bankers conducted by second-tier accounting firm, RSM Bird Cameron.

The firm's managing partner Geoff Forder said the survey of the banking industry uncovered an overwhelming negative attitude to auditors and the quality of audit from the bankers that participated in the survey.

RSM Bird Cameron commissioned the survey of bankers from major lending institutions across the country. The survey garnered 30 responses from an initial sample of 50, representing a 60% response rate.

More than 40% of respondents told researchers they held negative perceptions related to auditors, the audit function and audit reports, with 24% of total respondents indicating a recent swing to a negative attitude towards the auditing profession.

Bankers with negative attitudes were asked what factors caused them to hold those views. Mr Forder said there were three areas that cropped up as significant concerns for the 81% of bankers confessing to holding a dim view of the quality of auditors and audit work. These three areas were poor or inadequate application of accounting and auditing standards, closeness of auditors doing external audit work to the management at an audit client, and provision of non-audit services to audit clients.

He said the firm's survey was conducted in part to see the attitudes of those within a significant group of users of financial statements to better assess how bankers viewed the work of audit professionals following recent corporate collapses here and in the US.

A another theme emerging from the survey from the accounting profession is the impact recent collapses have had on the credibility of audit amongst the banks that are lending money to companies presenting audited accounts as a part of the process of attaining finance.

"There's a shift there in terms of the amount of reliance banks are likely to place on audit," Mr Forder said.

This article was supplied by Tom Ravlic. Tom is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.